

SECOND DIVISION

[G.R. No. 137569, June 23, 2000]

REPUBLIC OF THE PHILIPPINES, PLAINTIFF-APPELLEE, VS. SALEM INVESTMENT CORPORATION, MARIA DEL CARMEN ROXAS DE ELIZALDE, CONCEPCION CABARRUS VDA. DE SANTOS, DEFENDANTS - APPELLEES. MILAGROS AND INOCENTES DE LA RAMA, PETITIONERS, ALFREDO GUERRERO, RESPONDENT.

D E C I S I O N

MENDOZA, J.:

The main petition in this case is for determination of just compensation for the expropriation of lands under B.P. Blg. 340. Alfredo Guerrero intervened in this proceeding arguing that, instead of the De la Ramas, he should receive the just compensation for the subject land. The trial court and the Court of Appeals declared him the rightful recipient of the amount. This is an appeal from the decision^[1] of the Court of Appeals. We affirm.

The facts are as follows:

On February 17, 1983, Batas Pambansa Blg. 340 was passed authorizing the expropriation of parcels of lands in the names of defendants in this case, including a portion of the land, consisting of 1,380 square meters, belonging to Milagros and Inocentes De la Rama covered by TCT No. 16213.

On December 14, 1988, or five years thereafter, Milagros and Inocentes De la Rama entered into a contract^[2] with intervenor Alfredo Guerrero whereby the De la Ramas agreed to sell to Guerrero the entire property covered by TCT No. 16213, consisting of 4,075 square meters for the amount of P11,800,000.00. The De la Ramas received the sum of P2,200,000.00 as partial payment of the purchase price, the balance thereof to be paid upon release of the title by the Philippine Veterans Bank.

On November 3, 1989, Guerrero filed in the Regional Trial Court in Pasay City a complaint for specific performance (Civil Case No. 6974-P) to compel the De la Ramas to proceed with the sale.

On July 10, 1990, while this case for specific performance was pending, the Republic of the Philippines filed the present case (Civil Case No. 7327) for expropriation pursuant to B.P. Blg. 340.^[3] Among the defendants named in the complaint were Milagros and Inocentes De la Rama as registered owners of Lot 834, a portion of which (Lot 834-A) was part of the expropriated property. Upon the deposit of P12,970,350.00 representing 10 percent of the approximate market value of the subject lands, a writ of possession^[4] was issued on August 29, 1990 in favor of the government.

On May 2, 1991, Guerrero filed a motion for intervention^[5] alleging that the De la Ramas had agreed to sell to him the entire Lot 834 (TCT No. 16213) on December 14, 1988 and that a case for specific performance had been filed by him against the De la Ramas.

On September 9, 1991, based on the report of the committee on appraisers appointed by the court and the submissions of defendants, the trial court approved payment to the De la Ramas at the rate of P23,976.00 per square meter for the taking of 920 square meters out of the 1,380 square meters to be expropriated under B.P. Blg. 340.^[6]

Meanwhile, on September 18, 1991, the trial court rendered a decision in the case for specific performance (Civil Case No. 6974-P)^[7] upholding the validity of the contract to sell and ordering the De la Ramas to execute the corresponding deed of sale covering the subject property in favor of Guerrero. The De la Ramas appealed to the Court of Appeals (CA-G.R. No. CV-35116) but their petition was dismissed on July 28, 1992. They tried to appeal to this Court (G.R. No. 106488) but again they failed in their bid as their petition for review was denied on December 7, 1992.

Meanwhile, on October 2, 1991, Guerrero filed an Omnibus Motion^[8] praying that the just compensation for the land be deposited in court pursuant to Rule 67, §9 of the Rules of Court. As his motion for intervention and omnibus motion had not yet been resolved, Guerrero filed with the Court of Appeals a petition for *mandamus*, *certiorari*, and injunction with temporary restraining order^[9] (C.A.-G.R. SP No. 28311) to enjoin the Republic from releasing or paying to the De la Ramas any amount corresponding to the payment of the expropriated property and to compel the trial court to resolve his two motions.

On January 12, 1993, the Court of Appeals rendered a decision granting the writ of *mandamus*.^[10]

Nonetheless, the De la Ramas filed on March 17, 1993 a Motion for Authority to Withdraw^[11] the deposit made by the Republic in 1991. This motion was denied as the trial court, on May 7, 1993, allowed the intervention of Guerrero and ordered the Republic to deposit the amount of just compensation with the Clerk of Court of RTC, Pasay City.^[12]

On June 16, 1993, the De la Ramas filed a Motion for Execution^[13] again praying that the court's order dated September 9, 1991, approving the recommendation of the appraisal committee, be enforced. This was duly opposed by Guerrero.^[14]

On June 22, 1993, the trial court denied the motion of the De la Ramas holding that there had been a change in the situation of the parties, therefore, making the execution of the September 9, 1991 Order inequitable, impossible, or unjust.^[15]

As if to further delay the proceedings of this case, the De la Ramas then filed an Omnibus Motion seeking clarification of the September 18, 1991 decision of the trial court in the case for specific performance, upholding the validity of the contract to sell, insofar as the area covered by the contract was concerned, and asking that a restraining order be issued until this motion was granted.

In its order dated October 7, 1993, the trial court clarified that the area of land covered by the contract to sell included the portion expropriated by the Republic. It stated:

WHEREFORE, by way of clarification, the court holds that the transfer of title to the plaintiff under the Contract to Sell dated December 14, 1988 covers the entire Lot 834 consisting of 4,075 square meters (including the expropriated portion); that this change of owner over the entire property is necessarily junior or subject to the superior rights of the REPUBLIC over the expropriated portion (the metes and bounds of which are clearly defined in Section 1 `6' of B.P. Blg. 340); that the Contract to Sell dated December 14, 1988 executed by the parties is a valid document that authorizes the plaintiff to step into the shoes of the defendants in relation to the property covered by TCT No. 16213; and that the transfer shall be free from all liens and encumbrances except for the expropriated portion of 1,380 square meters.^[16]

The decision in the action for specific performance in Civil Case No. 6974-P having become final, an order of execution^[17] was issued by the Pasay City RTC, and as a result of which, a deed of absolute sale^[18] was executed by the Branch Clerk of Court on March 8, 1994 in favor of Guerrero upon payment by him of the sum of P8,808,000.00 on January 11, 1994 and the further sum of P1,608,900.00 on February 1, 1994 as full payment for the balance of the purchase price under the contract to sell of December 14, 1988. The entire amount was withdrawn and duly received by the De la Ramas.^[19]

Thereafter, the De la Ramas sought the nullification of the June 22, 1993 order of the trial court in this case, denying their motion for execution of the order approving the recommendation of the appraisal committee, by filing a petition for *certiorari* and *mandamus* in the Court of Appeals. This petition was, however, dismissed in a decision dated July 29, 1994 of the appellate court.^[20]

On April 5, 1995, the Pasay City Regional Trial Court, Branch 111, declared Guerrero the rightful owner of the 920-square meter expropriated property and ordered payment to him of just compensation for the taking of the land. The dispositive portion of its decision reads:

WHEREFORE, respondent-intervenor Alfredo Guerrero is hereby declared as the rightful person entitled to receive the just compensation of the 920-square meter portion of the property described in TCT No. 16213 of the Register of Deeds of Pasay City and ordering the Philippine National Bank to release and deliver to Uniland Realty and Development Corporation, the assignee of Guerrero, the amount of P20,000,000.00 representing the deposit made by the plaintiff through the Department of Public Works and Highways in the Philippine National Bank, Escolta Branch with the check solely payable to said Uniland Realty and Development Corporation, as assignee of Alfredo Guerrero.^[21]

This decision was subsequently affirmed by the Court of Appeals.^[22] Hence, this petition.

The De la Ramas contend:

- I. THE COURT OF APPEALS WRONGLY INTERPRETED B.P. NO. 340 BY HOLDING THAT BATAS PAMBANSA BLG. 340 MERELY AUTHORIZED THE EXPROPRIATION OF THE LANDS OF THE DEFENDANTS, INCLUDING THAT PORTION BELONGING TO THE HEREIN PETITIONERS DE LA RAMAS COVERED BY TCT NO. 16213.
- II. THE COURT OF APPEALS WRONGLY INTERPRETED THE CONTRACT TO SELL BY HOLDING THAT THE PETITIONERS DE LA RAMAS HAD CONVEYED TO THE RESPONDENT GUERRERO THE WHOLE PROPERTY COVERED BY TCT NO. 16213, INCLUDING THE EXPROPRIATED AREA.
- III. THE HONORABLE COURT OF APPEALS WRONGLY DECLARED THAT THE PETITIONERS DE LA RAMAS COULD STILL SELL IN 1988 THEIR PROPERTY AS TITLE THERETO HAD NOT YET PASSED TO THE GOVERNMENT IN 1983.
- IV. THE COURT OF APPEALS GRAVELY ERRED IN WRONGLY INTERPRETING THE CONTRACT TO SELL, BY HOLDING THAT PETITIONERS DE LA RAMAS HAD CONVEYED TO THE RESPONDENT GUERRERO THE RIGHT TO RECEIVE THE JUST COMPENSATION FOR THE EXPROPRIATED AREA.
- V. THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE RIGHT TO RECEIVE THE JUST COMPENSATION FOR THE EXPROPRIATED AREA BECAME VESTED UPON THE RESPONDENT GUERRERO THROUGH SUBROGATION.
- VI. THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE RESPONDENT GUERRERO HAD PAID TO PETITIONERS RAMAS THE FULL PURCHASE PRICE OF P11,800,00.00 STIPULATED IN THE CONTRACT TO SELL OF 14 DECEMBER 1988. [23]

As already stated, the De la Ramas and Guerrero entered into a contract to sell with respect to Lot 834. This lot has an area of 4,075 square meters. This contract was executed on December 14, 1988, after B.P. Blg. 340 was passed authorizing the expropriation of a portion of the land, consisting of 1,380 square meters, of the De la Ramas. The only issue in this case is who, between the De la Ramas and Guerrero, is/are entitled to receive payment of just compensation for the taking of 920 square meters of the land in question?

The De la Ramas claim that they should receive the amount of just compensation because when they agreed to sell Lot 834 in 1988 to Guerrero, it did not include the portion expropriated by the Republic since, at that time, such portion had been expropriated by the government by virtue of B.P. Blg. 340, which took effect on February 17, 1983. They state:

In 1988, the petitioners Ramas could no longer agree **to sell to another person** the expropriated property itself. For one thing, the property was already expropriated and petitioners Ramas for not objecting in effect conveyed the same to the Government. Secondly, the physical and juridical possession of the property was already in the Government. Thirdly, the equitable and beneficial title over the property was already

vested in the Government, and therefore the property itself was already outside the commerce of man. As a matter of fact, the property was already part of a Government infrastructure.^[24]

On the other hand, Alfredo Guerrero argues that the title to the expropriated portion of Lot 834 did not immediately pass to the government upon the enactment of B.P. Blg. 340 in 1983, as payment of just compensation was yet to be made before ownership of the land was transferred to the government. As a result, petitioners still owned the entire Lot 834 at the time they agreed to sell it to Guerrero. Therefore, since Guerrero obtained ownership of Lot 834, including the 920 square meters expropriated by the government, he has the right to receive the just compensation over the said property.

We find the De la Ramas' contention without merit. We hold that Guerrero is entitled to receive payment of just compensation for the taking of the land.

The power of eminent domain

The power of eminent domain is an inherent power of the State. No constitutional conferment is necessary to vest it in the State. The constitutional provision on eminent domain, Art. III, §9, provides a limitation rather than a basis for the exercise of such power by the government. Thus, it states that "Private property shall not be taken for public use without just compensation."

Expropriation may be initiated by court action or by legislation.^[25] In both instances, just compensation is determined by the courts.^[26]

The expropriation of lands consists of two stages. As explained in *Municipality of Biñan v. Garcia*:^[27]

The first is concerned with the determination of the authority of the plaintiff to exercise the power of eminent domain and the propriety of its exercise in the context of the facts involved in the suit. It ends with an order, if not of dismissal of the action, "of condemnation declaring that the plaintiff has a lawful right to take the property sought to be condemned, for the public use or purpose described in the complaint, upon the payment of just compensation to be determined as of the date of the filing of the complaint". . . .

The second phase of the eminent domain action is concerned with the determination by the court of "the just compensation for the property sought to be taken." This is done by the court with the assistance of not more than three (3) commissioners. . . .

It is only upon the completion of these two stages that expropriation is said to have been completed. Moreover, it is only upon payment of just compensation that title over the property passes to the government.^[28] Therefore, until the action for expropriation has been completed and terminated, ownership over the property being expropriated remains with the registered owner. Consequently, the latter can exercise all rights pertaining to an owner, including the right to dispose of his property, subject to the power of the State ultimately to acquire it through expropriation.